

THE CULTURAL CHALLENGES OF
DOING BUSINESS OVERSEAS
TRENT RHODES

Executive Summary

Culture affects every aspect of a nation. The main vision of the country or organization is created, maintained and strengthened through the beliefs, values and attitudes reinforced within the country; this is culture.

Steve Kafka, franchisor of Chicago Style Pizza elected to travel to the Czech Republic for business expansion. Because his background resides in Prague, Steve possesses the cultural comprehensiveness of the republic, and believes economic profit can be gained by establishing entry into the country. He speaks the language and has close family and friendly contacts in the country, all who may be capable of assisting his entry.

The following analysis will define the importance and intricacies of culture, how culture is maintained, and how the values and beliefs of a nation influence its national spirit and sense of business operations.

Cultural Differences

As businesses and other forms of organizations seek to establish themselves, employees and volunteers alike are united by singular missions or visions that illustrate the direction for firms. All operations, strategies and tactics are implemented with intention of fulfilling the organization's vision. From fundraising to mannerisms in the workplace, to human resource policies, the stated and unstated acceptable and unacceptable are components of an organization's culture. This flux of interactions among people connected to the organization's vision reinforces the importance of the firm's beliefs. Expanded at the macro level, culture takes on a wider perspective, being defined as "acquired knowledge that people use to interpret experience and generate social behavior. This knowledge forms values, creates attitudes, and influences behavior" (Hodgetts-Luthans-Doh, 2005, p.93).

Every nation possesses its own set of values, beliefs and subsequent goals forming the country's ultimate purpose; consequently, culture is established, and the patterns of cultures around the world can be extracted and evaluated, economically surveyed to either anticipate future trends or reason the causes to a nation's successes or failures.

According to Hodgetts, Luthans and Doh (2005, p.94), several factors contribute to the creation and maintenance of culture:

Learned

Not an accumulation of instincts or inborn comprehension of the world, culture is marked by its owner's ability to learn the beliefs and values created. Experiences and teachings form the basis of how members of a culture acquire cultural knowledge.

Shared

An individual can maintain one's own belief system and code of values, but it is only when this knowledge is shared among others that the personal beliefs manifest into culture. Groups of people, communities and organizations maintain culture.

Transgenerational

The longevity of these beliefs and values in culture is perpetuated by the transmission of knowledge from the past generation to the present, and the present to the future. Using folktales, myths, struggles and challenges faced by the people of the culture strengthen cultural morale.

Symbolic

Well-named figures in the history of the culture serve as symbols. Images, animals and other designs may also represent the highest ideals of the culture.

Patterned

Cultural changes occur when one aspect of the culture is modified, altering the values associated within the culture. Revolutions in the way of thinking in a particular culture may lead to the breakdown and rebuilding of the previous cultural model.

Adaptive

The unique quality of culture to survive for centuries or millennia attributes the capacity to the human ability to adapt. Changes of beliefs with the introduction of advanced technologies or revolutions in medicine, philosophy and other fields create adaptive alterations within a culture, allowing it to survive the years.

In the case of Steve Kafka, pizza business owner of American-Czech ethnicity, these attributes of culture can pose a set of challenges or opportunities to his intention of moving his Chicago Style Pizza to the Czech Republic. Whether Steve invites these challenges or not, he

will have to be successful at adapting to the cultural diversity of the nation. While purposes of a nation maintain the patriotism of the citizens, Steve's deeper focus will be on the economic aspects of moving his business to the region. In order to thrive there, Steve will have to deeply understand the ways of thinking and attitudes of the people. According to Hodgetts, Luthans and Doh, "perhaps most important, culture affects how people think and behave" (Hodgetts, Luthans, Doh, 2005, p.94).

The differences between the cultural values of the Czech Republic and the United States are many. The U.S. culture places a strong focus on the establishment of freedom. Children are taught to earn their own way through life by going to work, earning money, developing a family and continuously grow through one's own sweat and hard work. Historical events and success stories fill the culture with ideals that emphasize independence, self-reliance and the ability to express one's individual perspectives in society. Competition is viewed as a positive and productive tool to inspire innovation and enhancement of society. A capitalistic society, money and the capacity to profit, spiritually, mentally and materially are strong focuses that define success in the United States.

Contrary to the U.S. value system of directness and open competition, the Czech Republic holds the power of resilience as a main feature in its cultural attitude. The history of the country fostered this quality:

"In the past hundred years alone, the Czech Republic has gone from periodical possession, to independent nation united with the Slovaks, to Nazi-occupied 'protectorate,' to Soviet bloc state, to independent, post-Communist nation united with the Slovaks, to fully fledged independent state and E.U. member." (Czech Republic Culture, n.d.)

The ability of the nation's citizens to survive these extreme circumstances has generated a national sense of internal strength among the people; this strength is reflected in how they cope with invasions, militarily and through the market. A second pervasive cultural attitude revolves around the citizen's reserve. Emotions expressed directly may be deemed unusual by citizens, and those living in the country can be found to react slowly to experiences that would rouse strong emotion in a United States citizen. As the article from Cactus Language states, "smiles come only with good reason and almost always for friends not strangers" (Czech Culture, n.d.).

Resilience and the strong emotional reserve in Czech culture Steve may face as challenges to his more direct, competitive management style. Competitors existing in Prague may be tough to work against due to their capacity for enduring hardship and underperformance. The lack of emotional display makes assessing the level of service satisfaction difficult.

A supplement to assist Steve in his analysis of the Czech Republic's cultural values is Geert Hofstede's cultural dimensions. The four criteria evaluated work to develop reasons for people's diverse behaviors in various cultures.

Defined as "the extent to which less powerful members of institutions and organizations accept that power is distributed unequally" (Hodgetts, Luthans, Doh, 2005, p.102), power distance is a dimension that would show the Czech Republic's level of resistance towards authorities that keep power in society away from the weaker. Cultural revolutions and subsequent revolutions as mentioned previously for the republic demonstrate low power resistance. The country's citizens have low tolerance for invaders; the people fight for their rights.

Uncertainty avoidance is a second dimension, assessing the degree people are threatened by situations unclear; the result is to create organizations and premises to avoid them. The

national spirit, enhanced by resilience demonstrates the low extent of this criteria for the Czech Republic.

Collectivism, defined as “the tendency of people to belong to groups or collectives and to look after each other in exchange for loyalty” (Hodgetts, Luthans, Doh, 2005, p.102), holds stronger sway over the Czech Republic’s qualities than individualism, which emphasizes the pursuit of success for the individual self. Having endured numerous wars and trials, the nation learned to solidify this philosophy, reaping the results of working together.

Lastly, the type of energy can be evaluated, listed as masculinity or femininity. Assertiveness and competition, with a focus on material gain represent the masculine structure of conducting business. Care-giving with a focus on the development of family make up the feminine analysis. Based on previous information, the Czech Republic is known to possess a combination of these qualities, holding the feminine as the more dominant feature.

Hofstede’s dimensions would indicate to Steve that the move to Prague would have to be made with the consciousness and family-oriented nature of the people in mind. Just as wars in the past were waged in their country, being conquered and then liberated only to be conquered again by invaders, Steve’s pizza business could be perceived as an invasion on the economic front. Employing locals in the area will assist Steve in assimilating more of the culture into his business; people fully engaged in the cultural norms will provide his business with key insights and training. Creative means of gaining access to customers’ satisfaction levels from his pizza will have to be made; the low level of emotional display hampers immediate expression of enjoyment and dislike.

The Czech Republic became a member of the European Union on May 1, 2004. Immediately, borders for customs controls were removed. There are relatively little number of

trade and investment barriers to confront, as the entrance into the EU has encouraged its commitment to free markets, competition and an opportunistic economy. The author's research located no major trade barriers that would dramatically affect Steve's entrance and economic success in Prague, aside from the cultural values explained previously.

References

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